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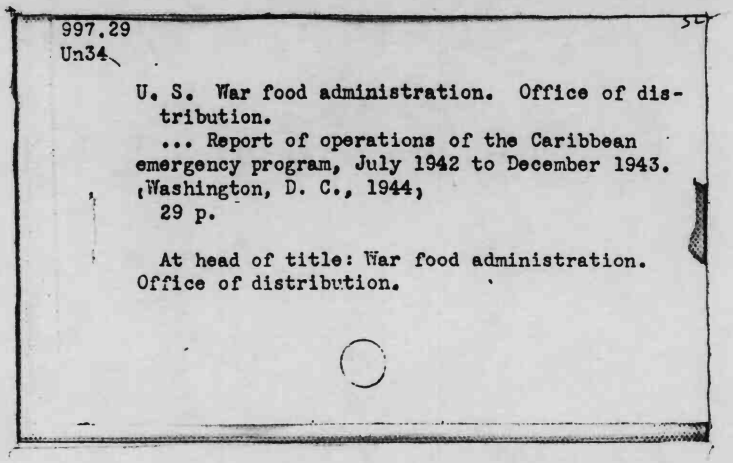

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REPORT OF OPERATIONS OF THE CARIBBEAN EMERGENCY PROGRAM, JULY 1942 TO DECEMBER 1943.

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Prepared by:

Caribbean Emergency Program Division
Program Liaison
Food Distribution Administration
January 20, 1944

Even before the outbreak of war, the maintenance of the food supply line to Puerto Rico, the Virgin Islands of the United States, and other Caribbean areas, had been a matter of grave concern both to American and British authorities. There always was the danger that these islands could become isolated and helpless as a result of increasing serious war developments which required the diversion of shipping and of food supplies to other parts of the world. When war was declared in December 1941, the Government of the United States was called upon to take action for the protection and relief of the civilian populations of its outlying territories and insular possessions. Immediately after the bombing of Pearl Harbor, there was urgent need for watching over Puerto Rico, our foremost Caribbean outpost guarding the eastern approaches to the Panama Canal.

Puerto Rico's Trade and Shipping Crisis

Ordinarily, the economic problems of Puerto Rico might be described as very grave. The impact of the war added new complications upon the island because of the almost complete dependency of its economy on trade with the United States. During the years 1935-39 imports from the United States averaged $82,700,000.00, accounted for 91.8% of all imports. During this same period we purchased from the island an average of $93,600,000.00 or 97.9% of total Puerto Rican exports. Expansion of defense construction and other federal expenditures altered Puerto Rico's favorable balance of trade in 1940 and 1941. In 1941 exports to the United States stood at $99,700,000.00 while imports skyrocketed to $143,700,000.00. In July 1941 unemployment had been cut by almost one-half of

what it was in July 1940. We were still buying the island's cash crops which provide work for the bulk of the population; sugar, tobacco, molasses, pineapples, needlework, rum. With people at work the purchasing power of the whole population was thrown into high gear as compared to normal times.

The bombing of Pearl Harbor changed all that. The drop in shipping, whether by diversion to war uses or by enemy action, was the main factor which brought to a head the island's crisis in 1942. This year imports into Puerto Rico went down to below the 1940 level; exports were only 5% above 1941. In 1942, as total dry cargo tonnage and food and feed tonnage coming into the island dropped, the unemployment curve went up. Unemployment increased by 255% over 1940.

Puerto Rico imports all of its basic foodstuffs from the United States. In the normal year of 1940 island-bound shipping was divided 33% for foodstuffs and animal feeds, 67% for general merchandise. Total tonnage requirements are estimated at 100,000 short tons per month. Taking 1940 as a base year there was available to the island in 1942 only 62% of the normal dry cargo tonnage required for civilian use, excluding tankers. Early in February 1942 shipping began to drop, went down to 37% in June. In July it increased again to 67%. In August there was a drop to 62%. Then came September with only 7%. In this month there arrived in Puerto Rico 14,200 short tons of dry cargo, including 1,834 tons of foods and 2,160 tons of animal feeds. According to reports published by the press summarizing ship losses as announced by the Navy Department, from January through October 1942, there were lost 212 vessels off the coast of

the United States, 128 off the coast of South America, and 48 in the Caribbean.

During the last quarter of 1942 stocks of imported foodstuffs had vanished from wholesalers' warehouses and retailers' shelves. Prices began to soar. The spectre of the black market took away from the Puerto Rican peasant his No. 1 energy food, rice. There was a time when you could not buy a pound of it at any price. Other basic commodities were not to be had - beans, codfish, lard, pork fatbacks, evaporated milk, wheat flour, corn meal. The burden of feeding the population was thrown on the land, of which there is little in Puerto Rico, and which does not produce any of the basic commodities for the 544 inhabitants per square mile. The local foods available are vegetables and minor crops. They could not be bartered for non-existent or very scarce imported commodities. To make things worse, the intraisland transportation system had virtually come to a stop in late spring and early summer of 1942. Tankers expected with the regular supply for each month began to arrive less frequently or not at all. There was not enough gasoline to go around. Local production of foods threatened to go down to alarming levels. Crops available could not be properly distributed for there was difficulty in moving them from farm to market. War had dealt a severe and unexpected blow to Puerto Rico. The whole situation was quickly deteriorating into chaos.

Action by the Government

At first, the United States Department of the Interior, which looks after our outlying territories and possessions, joined efforts with the Governor of Puerto Rico and the Virgin Islands to meet the situation. The Civilian Food

Reserve of the Division of Territories and Insular Possessions had a $15,000,000.00 fund with which to stockpile, but it first endeavored to alleviate conditions by encouraging the private trades to purchase and import sufficient basic essentials to supply the current needs of the consumers and, if possible, to start building up a reserve. Unfortunately, the disruption of ocean shipping and congested continental railroad facilities, coupled with advancing costs and the growing difficulties in obtaining from the mainland, supplies which were in great demand for the Armed Forces and for the Lend-Lease operation, proved beyond the ability of the insular private trades to properly plan, finance and perform the tremendous task of providing, within a reasonable time, the essentials of life for the people of Puerto Rico and the Virgin Islands.

On April 23, 1942, the War Shipping Administration diverted all shipping for Puerto Rico to the Gulf ports. The decision was as rapid and unexpected as it was necessary. It created a difficult situation for importers who had large stocks piled up at eastern ports. Because of the tax then being placed on Government transport by our [redacted] war effort, it was impossible to move these stocks to a Gulf port with enough speed to make contact with the boats heading for Puerto Rico. Ship movements were shrouded in secrecy, and only the shortest of notice could be given the importers to arrange for the movement of their stocks over thousands of miles of unpredictable rail transport across the face of the continent.

These islands were a major aspect of the Caribbean supply problem, a problem that in the words of Under Secretary of State Sumner Welles, called for immediate action "to alleviate a situation that threatens the military and

political position of the United States in the Caribbean." Since early in May the Anglo-American Caribbean Commission had been studying the matter quite thoroughly. During May and June 1942, meetings had been held both in the offices of Under Secretary of War Patterson and Under Secretary of State Welles to discuss ways and means to face the civilian supply in the Caribbean. Attending these meetings were representatives of the War, Navy, Interior and Agriculture Departments, the Deputy Administrator of the War Shipping Administration and the Governor of Puerto Rico. As a result of these meetings on August 19, 1942, the President gave approval to the proposed action and called for the use of existing agencies in solving the problem. The fundamental idea was to make supplies available "where they are needed, on a cash reimbursement basis, receipts to be paid into a revolving fund which will finance replenishment of the stockpiles."

Temporary Emergency Measures

Anticipating coming events, the Government of Puerto Rico had taken a number of steps to forestall the crisis. It was expected that the $15,000,000.00 fund appropriated to the Department of the Interior to develop a program for the territories would be used to assure a three-months supply for the regular trade to operate with in Puerto Rico and the Virgin Islands. At the same time, the United States Department of Agriculture War Board for Puerto Rico and the Virgin Islands representing all Department agencies in the islands, was working out plans with insular agricultural agencies and farmers for increasing local production of food crops.

The Governor of Puerto Rico, therefore, urged the Agricultural Marketing Administration to build up a three-months supply of food for free distribution

to "adequately protect the very large and growing number of persons whose income is so low that they cannot buy enough food to keep body and soul together." The Agricultural Marketing Administration had been handling free distribution in the islands on a month to month basis since 1938. According to the Governor of Puerto Rico there was no exaggeration in saying "that without the food given by SMA (Surplus Marketing Administration) thousands of families would face starvation."

Against the sinister background of the 1942 U-boat campaign, and with both shipping and food importation curtailed, free distribution of surplus commodities reaching the islands proved a lifesaver for the people. As the general supply problem became acute, the Agricultural Marketing Administration was asked to take a more active participation in procuring certain basic commodities for the account of the Puerto Rico General Supplies Administration, a body created by local legislative action to assist in getting supplies and in distributing them through the trade. This arrangement was made under a memorandum of understanding entered into between the Departments of Agriculture and Interior, dated July 17, 1942. It marked the beginning of a commercial supply program under local sponsorship in the absence of an island-wide subsidy of essential foods advocated by the Governor since early in January 1942.

The Land-Water Route

Meanwhile, upon recommendations made by the Anglo-American Caribbean Commission, the Departments of State, War, Navy, Interior, Agriculture, the Lend-Lease Administration and the War Shipping Administration cooperated in formulating plans for the inauguration of a land-water route through the Caribbean area and for the establishment of an emergency food cache to supply

the sixty-one islands of the area in case there was need as a result of enemy action. The Governments of Cuba, Haiti, and Santo Domingo gave their full cooperation to this project.

The tentative plans called for a stockpile of 20,000 tons of nonperishable food supplies. The Agricultural Marketing Administration was given the responsibility for the procurement of the commodities and for the operation of the land-water route. The land-water route was more expensive but it was both a military asset and a help to the Navy, eliminated between 700 and 800 miles of water travel, allowed for the use of schooners and small vessels, not available for long hauls, to transport supplies across the Florida Strait, the Windward Passage, the Mona Channel, and the Virgin Islands Passage. Water transportation tied in with railroad haul from Havana to Santiago de Cuba, and truck haul from Port-au-Prince, Haiti across the Hispaniola Road to the eastern tip of Santo Domingo.

In July 1942 the Agricultural Marketing Administration was already moving supplies to the Santiago de Cuba Stockpile, where a large cache of foodstuffs was established under the protection of American guns in nearby Guantanamo Naval Base. There were established minor stockpiles in Port-au-Prince and Santo Domingo.

By the middle of January 1943 the movement of small craft in the Caribbean had become an important part of our operations; there were in active service in the various routes, 7 steamships, 8 motor vessels, 9 schooners and 1 barge with an aggregate capacity of 9,226 tons. All of these vessels were of

foreign registry: 10 Cuban; 7 Jamaican; 6 Dominican; 2 Canadian. They carried merchandise from Florida to Havana, from Baltimore and Mobile to Santiago de Cuba, from Santiago they sailed to Jamaica, Haiti, Santo Domingo and Puerto Rico. In a single month they could move twice their tonnage between Santiago or Port-au-Prince and San Juan, Puerto Rico. From the start of the operation through January 16, 1943 these boats accounted for the following traffic:

Merchandise passed through Santiago stockpile	22,948	long	tons
Merchandise moved from Florida to Havana	13,097	"	"
Merchandise moved from Baltimore and Mobile to Santiago de Cuba	7,822	"	"
Merchandise moved from Santiago to Puerto Rico	6,158	"	"
Merchandise moved from Santiago to Jamaica	4,575	"	"
Merchandise moved from Santiago to Port-au-Prince	304	"	"
Merchandise moved from San Pedro de Macoris to Puerto Rico	1,086	"	"

During the period from July 1942 through October 23, 1943, there were moved through the land-water route approximately 32,808 short tons of supplies. Over 57% of these went to Puerto Rico and the Virgin Islands. In June 1943, with the critical period of the emergency over, all interested Government agencies agreed to suspend operation of the route at an early date. If the need arises in the event of a blockade, traffic can be renewed with adequate air and coast patrol coverage throughout the entire length.

Emergency Supply Program
Under the Food Distribution Administration

During the period from July 24, 1942 through October 31, 1942, the Agricultural Marketing Administration procured in the United States and in the Caribbean countries 51,467 short tons of basic commodities mostly for the account of the Puerto Rico General Supplies Administration. Net sales (including

reserve for normal losses) to this insular agency amounted to $3,043,263.33. It was not enough but it helped in a considerable measure to pull the trade and the population of the island through a critical period when tension had increased to the breaking point and already food riots were taking place. This arrangement, however, did not prove fully practical in scope because of the limited funds at the disposal of the insular supply organization. Under it, neither the civilian population nor the trade were receiving effective protection.

A unified program became operative on November 1, 1942 when the Agricultural Marketing Administration, later the Food Distribution Administration, began to procure, ship and distribute supplies to the trade under an agreement in September 26, 1942 between the Secretaries of Interior and Agriculture of the United States, and the Governors of Puerto Rico and the Virgin Islands. In September 1942, Deputy Director of FDA, Major Ralph M. Olmstead, went to Puerto Rico where, as a result of conferences held with the Governor and representatives of the Department of the Interior, the FDA Supply Program for Puerto Rico and the Virgin Islands was started.

The pattern for this program emerged in part from the experience of the British and Dutch islands in the Caribbean -- Jamaica, Barbados, Trinidad, Curacao, Aruba and others. The terrible toll of the European war had been heavy on these islands for over two years. It had become apparent to their governments that the only solution for the Caribbean supply program lay in government responsibility for supply while the emergency lasted. Towards this view the United States Government moved cautiously, mindful of the traditional American belief in free private enterprise.

Under the memorandum of understanding, the Food Distribution Administration became the sole importer of foods, animal feeds, agricultural production requirements, and other essential supplies into Puerto Rico. It was clear that only through a system of centralized purchasing could adequate quantities of urgently needed commodities be procured immediately in the United States. This could be effectively accomplished only within the general purchase program of the U. S. Government.

The Food Distribution Administration, as the local importer and distributor, is in an advantageous position to represent the food needs of the people to the War Food Administration. If this responsibility were left to the local trade in wartime, the necessity for profitable operation, accompanied as it is by commercial bargaining with continental suppliers and the necessity of following some procedure to establish justification of individual orders, would cause the needs of the public to be only indirectly represented in the matter of their proportionate share. In addition, this would cause the continental source of supply, which is now largely unified through the Food Distribution Administration, to be scattered among various continental suppliers, with the result that there would be lack of direct coordinated representation in the supply, and lack of a coordinated supply process. There is frequent necessity for the War Food Administration to contract with continental agricultural producers, guaranteeing them a future price for certain crops which are known to be needed, and which might not become available if such guarantees were not established. Negotiations must be conducted with foreign governments for supply of basic needs such

as dried codfish, jerked beef or corn. These are some of the examples of how in times of war sources of supply, shipping and need must be coordinated for the public benefit under Government administration.

Operation of the Program

By Congressional and Administrative action the necessary authority and funds available were used by agreement between the Departments of State, Interior, Agriculture, and the Office of Lend-Lease Administration. Three funds from national defense appropriations were available for the financing of the operation:

(1) A $35,000,000.00 appropriation allocated to the Department of Agriculture (Public Law 371 - 77th Congress - H.J. Res. 258) for the procurement, transportation and distribution of agricultural and other commodities and supplies to meet the emergency requirements of the civilian population of the territories and possessions of the United States;

(2) A $15,000,000.00 emergency fund for the territories and island possessions (Public Law 371 - 77th Congress - H.J. Res. 258) allocated to the Department of the Interior to provide for the relief and civilian defense of the populations of the Territory of Alaska, the Virgin Islands of the United States, and the Island of Puerto Rico;

(3) A $25,000,000.00 fund made available to the Department of Agriculture by the Office of Lend-Lease Administration under Defense Aid Allocation No. 771, dated June 2, 1942, and Defense Aid Allocation No. 989, dated November 12, 1942.

On November 1, 1942 the Agricultural Marketing Administration, now the Food Distribution Administration, took over all inventory of commodities in the hands of the Puerto Rico General Supplies Administration at the same prices plus handling charges that had been originally charged to the General Supplies Administration by the AMA. With these stocks in San Juan and the cache foods stockpiled in Santiago de Cuba and Port-au-Prince the program got underway. While the existing stocks of commodities were being distributed to the merchants in Puerto Rico and the Virgin Islands, negotiations were in progress for the obtaining of more shipping space.

Shipping Requirements

With only about a third of the tonnage requirements available at the start of the program, everybody agreed that the full tonnage should be used exclusively for basic foods and animal feeds. There was urgent need for the integration of all shipping requirements, and quick action resulted thereafter to improve the shipping situation with the War Shipping Administration allocating a larger tonnage to the islands. Eventually, this tonnage was adequate to meet the recommendations made by the Governor's Committee on Emergency Tonnage Requirements. The Committee included representatives of the Governor's office, the National Resources Planning Board and the Chamber of Commerce of Puerto Rico.

In consultation with trade groups, governmental agencies and civic organizations, this Committee determined that the minimum restricted tonnage required would be 56,512 short tons monthly. Of these, 22,105 short tons (24,315 gross) were to be used for foodstuffs, and 19,571 tons for production requirements. A total of 32,197 tons gross was estimated for goods other than food, and 7,260

tons for operation, maintenance, and other consumption requirements. This estimate included only civilian requirements, and was prepared on the assumption that the Naval and Military establishments in Puerto Rico would take care of themselves. According to the Committee, the estimate represented the requirements necessary "to maintain nutritional standards, health, and to avoid general unemployment due to the suspension of industrial activities." The Committee further emphasized that "the nutritional standards normally prevailing in Puerto Rico are very inferior to those of the United States or to those that may be taken as a minimum for an adequate nutrition according to modern science."

The War Shipping Administration allocates shipping to the Department of the Interior, who, in turn, allocates space to the Food Distribution Administration and to private shippers. A substantial proportion of the tonnage available goes first to the Food Distribution Administration for basic foodstuffs, agricultural production requirements and other essentials. The balance goes to private trade channels and is individually allocated by the Division of Territories and Insular Possessions, Department of the Interior, through the Puerto Rico General Supplies Administration. Private importers handle dry cargo of a general category and certain not so essential foods and specialized commodities, such as tomato sauce, tomato paste, dairy feed, matches, toilet soap, baking powder, table salt, edible corn starch, baby and junior foods, breakfast cereals, vinegar, olive oil, spices, family and cake flour, canned vegetables, powdered and whole dry milk, corn flakes, processed cheese, spreads, chocolate and cocoa, dried fruits, and salad dressing.

Organization and Personnel

In developing an organization to carry out the program, personnel was

recruited locally on the basis of ability, training and experience. Where qualified persons for specialized work could not be secured locally, they were sent down from the States. As of December 31, 1943, only 33 out of the 450 employees in the Caribbean Area were continental Americans, a good many of them residents in Puerto Rico for up to more than twenty-five years. Included are 407 Puerto Ricans and 10 natives of the Virgin Islands.

The major personnel requirements have been in the handling of the commercial aspects of FDA activities. These operations essentially have been commercial, although governmental regulations and procedures apply. Consequently, stress has been placed on recruitment of the best possible personnel with actual private business experience in handling and distributing merchandise.

Commercial operations are divided broadly into the sections physically handling, distributing and fiscally accounting for merchandise. They are under the direction of the Office of the Director of the San Juan Field Office and are integrated under the direct supervision of the Assistant Director, who, preceding seven years direct association in food distribution programs of the Government, had more than 30 years experience in private industry which included approximately ten years in Spanish-speaking America.

The physical handling of merchandise is under the direction and supervision of personnel experienced in all phases of such handling. The head official has had more than 20 years experience in government inspection and marketing work, including seven years in Puerto Rico. Transportation was organized under the direct management of a highly experienced truck and railroad man who has had some 17 years of actual experience in this field through an important position in the principal

private transportation firm in Puerto Rico. Other personnel have had years of experience in stevedoring, transporting, warehousing, inspecting and accounting for merchandise.

Distribution of merchandise is under the supervision of one who has been outstanding in the commercial business of Puerto Rico. He served in every capacity in the provision business and came to the FDA from the rice brokerage business, where he had been president of the brokers' association. The assistant is a highly successful industrialist with 35 years experience in importation and exportation of merchandise and has served in many important capacities, such as president of important trade organizations, including the Chamber of Commerce of Ponce, and Chief of the Bureau of Industry and Commerce in Puerto Rico. The other personnel handling sales have had actual commercial experience and have been selected on the basis of such experience and their abilities and integrity. The purpose has been to have the trade served by those familiar with all aspects of merchandising and qualified to render public service.

Fiscal personnel have been selected on the basis of experience in trade and accounting fields and familiarity with commercial and government practices. Proper accounting and efficient service to the public are the paramount responsibilities.

The free distribution programs are handled by personnel with past training and experience in the field. The programs have the very practical aspect of properly handling and supervising the distribution of valuable commodities, as well as the desired objectives of supplementing the diets of needy people on a sound basis. Cognizance of dangers inherent in the gratuitous distribution of goods with value, as well as understanding of basic nutrition, are important aspects of the civilian programs.

The direct agricultural activities require personnel with understanding of actual agricultural conditions, practices and marketing in Puerto Rico. Employees with both experience in the field of agriculture and as agricultural workers have been selected for the daily reporting of market prices and conditions and for the operation of the program guaranteeing minimum prices to producers so as to encourage greater production of important food crops.

Warehousing and Transportation

Because of the effect upon the final price to the consumers handling, warehousing and transportation operations are efficiently managed to keep costs at the lowest.

Previous to November 1942 all warehousing was done for AMA by private companies. The general average rate per fortnight was 3¢ per 100 lbs. which was the previous general rate for private warehousing. Since November 1, 1942 all negotiations for warehouses operated by private individuals have been at the rate of 2¢ per 100 lbs. per fortnight. It is expected that by the end of the fiscal year 1943-44 all of our warehousing will be on the basis of 2¢ or less per 100 lbs. per fortnight.

In view of the large tonnage warehoused by the FDA, it was advisable to have some of the warehouses operated by the Government. At the present time the FDA is operating 6 warehouses in the San Juan district; 3 warehouses in Caguas; 2 in Arecibo; 3 in Mayaguez; and 1 in Ponce. There are 10 warehouses under lease in the Virgin Islands. In Puerto Rico we have storage contracts with another 58 warehouses, 3 refrigeration rooms with a capacity of 82,950 cubic feet, and 10 fumigation warehouses with a capacity of 353,830 cubic feet. This is the greatest

cubic capacity ever used in Puerto Rico. Approximately 40% of the cubic foot capacity of these warehouses was not used for foodstuffs prior to Pearl Harbor, and the capacity to which we use the other 60% is greater than that used by private individuals prior to Pearl Harbor.

It is the policy of the Transportation and Warehousing Section to store merchandise only in warehouses that are suitable for each purpose. For instance, rice, flour and beans are only stored in concrete, fire-proof and hurricane-proof buildings, while barrels of lard or pork products are often stored in buildings that will not be suitable for the storage of cereals on account of the danger of rain damage.

The FDA is in an advantageous position to deal with intra-island freight carriers to obtain lowest possible transportation. Trucking rates of FDA contracts usually are lower than similar rates prevailing for private business, have been generally reduced from the first to the second year of the program.

Upon arrival in San Juan, principal port of entry, the merchandise is hauled by truck to warehouses in the San Juan metropolitan area; by truck and railroad to other distribution centers in the Island, by truck, railroad and small sailing craft to the islands of Vieques, Culebra, Saint Thomas and Saint Croix.

The actual cost of handling has been extremely low. The Warehousing and Transportation Section is run on a $22,000.00 monthly payroll. The labor cost of moving food from shipside to the consumer under the FDA operation amounts to between 50 and 60 cents per ton.

In the period from November 1, 1942 to December 31, 1943 the Warehousing and Transportation Section had charge of the physical handling of 446,290 tons of foods and foodstuffs imported from the United States and other Caribbean islands. Of the total merchandise received in this period, 59% was moved to the interior of Puerto Rico by rail, 41% by truck. Of the total incoming merchandise, 81% was received in the San Juan area, 15% in the Ponce area, and 4% in the Mayaguez area.

Distribution Through Regular Trade Channels

Although other than regular trade channels were advocated as a means of distribution by consumers, certain segments of the trade, and local and insular civic and governmental bodies, the Food Distribution Administration has maintained throughout its firm policy of distribution through the normal channels of trade, with recognition of such factors as supply, price, transportation and other factors which have influenced the free competitive conditions of normal times.

The main responsibility of the Food Distribution Administration is to effect a distribution that will make it possible for all consumers to get their proportionate share of what becomes available. The supplies are apportioned to bona-fide wholesalers on the basis of the population they serve in their respective municipalities and in accordance with consumption requirements of each area. This includes consideration of supplies of locally produced foods, varying consumer tastes, comparative income status of the areas, transportation, and other factors. This procedure lessens the hardships experienced by consumers, and conserves transportation facilities. It also requires a physical placing of

merchandise at strategic points in Puerto Rico and the Virgin Islands.

The Government's program supplies the wholesale trade in all of the 77 municipalities of Puerto Rico, in the nearby islands of Vieques, Culebras, and in the Virgin Islands, comprising a population of about 2,000,000. All distribution and sales are under the direction of the Commercial Relations and Sales Section. There are six main distribution areas in Puerto Rico with central sales offices located in San Juan, Caguas, Ponce, Mayaguez, Aguadilla and Arecibo.

Wholesale channels include importers, brokers, firm representatives, wholesalers -- those merchants who sell merchandise in wholesale quantities to retail outlets. Although importers do not perform any normal importing function, they are included in the list of purchasers of the FDA because they have organizations and facilities for effecting distribution on a wholesale basis that were formerly used, and should now be used in the operation of the emergency supply program.

There are over 700 wholesalers who now purchase foodstuffs and other essential supplies from the Food Distribution Administration. They have been selected as the normal trade channels on the basis of their past performance, and allocated supplies in proportion to the volume of business they handled in 1941.

Minor quantities of merchandise are sold to consumers cooperatives government agencies, and non-profit making institutions. Cooperatives buying directly are generally those that were in operation before the emergency program began to function. Sales to institutions are made on special request, so that school children, patients or others benefiting from the institutional care can secure

their food needs. Local food industries buy the supplies they need directly from FDA. Such is the case with the bakery industry which produces bread, pastry, macaroni, spaghetti, vermicelli, crackers, and other similar products.

Each wholesaler must buy from the distribution center supplying the area which he serves, and he must in turn sell his merchandise to the retailers which he normally served in his own area or municipality, and at the prices set by the Office of Price Administration. For instance, the municipality of Barranquitas is allocated its proportionate share of available supplies on a population basis. This allocation is proportionately sold to the recognized wholesalers in that municipality. Retailers in the town as well as in the rural areas of Barranquitas or in any other town in Puerto Rico pay the same price as wholesalers in San Juan, the incoming port from where the whole distribution is accomplished.

Fiscal Operation

All commodities shipped from the Continent to the Caribbean Area are purchased with funds from the General Commodities Purchase Program (GCP) and remain the property of this fund until purchased by and properly transferred to another government agency, branch of the Armed Forces or foreign government in the Caribbean Area. Such purchaser reimburses the GCP.

Commodities sold to wholesalers in Puerto Rico and the Virgin Islands under the Caribbean Emergency Program are transferred and charged at the time of sale to the $35,000,000.00 Territorial Emergency Program Fund of the Department of Agriculture. The transfer bulletin price, furnished by the FDA in Washington, includes handling charges of the merchandise prior to arrival in Puerto Rico. Title to the merchandise is transferred to the Department of the

Interior Fund at this bulletin price. In this manner the Agriculture Territorial Emergency Program Fund is fully reimbursed, as it is in fact a revolving fund. The GCP Program absorbs all handling charges in Puerto Rico. The Territorial Emergency Program Fund absorbs all administrative charges.

The Fiscal Section prepares payrolls, certifies for payment all administrative services, and covers all of the operations of the Caribbean Area. In addition, it has the responsibility of determining legality of payments, refunds, and operates within the prescribed rules and regulations of the Department of Agriculture, General Accounting Office and laws promulgated by the Congress of the United States, as safeguards for appropriated and/or public funds.

From the beginning of the program through the month of December 1943, the Fiscal Section has received collections for sales of commodities and deposited to the proper funds, an amount of $58,585,186.80. It has also certified for payment all types of vouchers through the U. S. Treasury Disbursing Office an amount of $8,455,421.87.

Previous to November 1, 1942 over $3,000,000.00 in merchandise had been sold to the Puerto Rico General Supplies Administration. When we started operations on November 1, 1942 we had in Puerto Rico a total inventory of approximately $2,000,000.00 including inventory of $212,227.49 retaken from the Puerto Rico General Supplies Administration on that date. The physical inventory as of December 31, 1943, represented on a bulletin price value, was $12,647,967.22.

Stabilized Prices for the Trade and the Consumers

Prices on commodities charged by the Food Distribution Administration to the wholesale trade in Puerto Rico and the Virgin Islands are determined by the

Department of the Interior. All prices are set for a three-month period, and there was little variation in the price structure throughout the first year of operation of the program. This stabilization at the top, guaranteed for a quarter at a time, enabled the Office of Price Administration in Puerto Rico to set up and maintain a stabilized price structure down the line at the retailer and consumer levels.

Several factors enter in the determination by OPA of the ceiling prices at retail and consumer levels, among which are types of merchandise, perishability, importance of foodstuffs which are basic in the Puerto Rican diet, margins of profit in previous normal years, trade's opinion on fair margin of profit, and supply situation.

Artificial inflation, fundamentally eliminated by the fact that supplies are adequate and their distribution made on an equitable basis, is further avoided by the officially supervised system of pricing. This is of extreme importance if we consider that the cost of living in Puerto Rico in recent years has risen to a much greater extent than the rise in purchasing power of the general public. The effect that the Food Distribution operation has had in price stabilization has assured a bigger dollar to many Puerto Ricans when buying the necessary foodstuffs.

Subsidy by the Department of the Interior

Of greater importance to Puerto Rican consumers is the fact that the basic commodities are always available at reasonable prices, even if legitimate costs were the same or higher. The first reason is that the FDA, as importer

and distributor to the trade, makes no profit in the overall program. The second reason is that the Department of the Interior uses its Territorial Emergency Fund of $15,000,000.00, appropriated by Congress, to supply the needs of the islands, to subsidize in part certain basic commodities which must be sold to the public at prices within the reach of the poor man's pocketbook.

For instance, a pound of rice or beans retails at 8 cents per pound in any point in Puerto Rico or the Virgin Islands. In order that the consumer get this price, the FDA must sell the rice to wholesalers at $6.55 per 100-pound bag. The retailer in turn pays $7.00 to the wholesaler and makes 1 cent profit on the resale to the public. But the actual cost of the rice to the Government usually is more than the $6.55 it charges to the trade. The difference may be anywhere between 50 cents and $2.00 per hundredweight, depending on the variety of rice, is covered by the subsidy and absorbed by Interior. Another example is codfish, sold to the wholesalers below cost price so that the consumers' OPA ceiling can be maintained at 18 cents a pound. Similarly with lard, evaporated milk and other basic commodities essential to the life of the people.

After almost a year of operation, prices on the continent, as well as handling charges, had risen to the point where it appeared necessary to increase considerably the sales price of commodities in Puerto Rico. Effective November 1, 1943 a plan was devised which would enable the Department of the Interior to continue selling at the same prices as those in effect during the preceding months.

It was decided that the FDA would quote one transfer price for both the continental United States and Puerto Rico. This would mean that the price quoted by the FDA for any commodity would be the same either delivered within the continental United States or in Puerto Rico.

Obviously, the commodities delivered to Puerto Rico cost more than those sold in the Continent, but Puerto Rico is given the benefit of the continental price and the additional cost is absorbed in the overall price. This makes it possible to continue the low prices on basic commodities without throwing an excessive burden on the resources of the Department of the Interior. Since the actual cost which is to be charged cannot be estimated correctly in advance, adjustments are made in raising or lowering prices quoted for subsequent periods.

Operations in the Virgin Islands

The fiscal, commercial, transportation and warehousing patterns established for Food Distribution Administration in Puerto Rico apply, by and large, to the Virgin Islands. The small population of the Virgin Islands, however, makes for certain minor differences in operation. Commodity requirements are determined and satisfied on the Virgin Islands in the following manner:

The Food Distribution Administration representative in the Virgin Islands prepares a memorandum each month indicating the monthly requirements for St. Thomas and St. Croix. This memorandum is turned over to the Commercial Relations and Sales Section which makes out the necessary Release Orders for shipments to the Virgin Islands. After the necessary Release Orders have been prepared they are turned over to the Warehousing and Transportation Section for shipment.

This section delivers the commodities shown on the Release Orders to the pier in San Juan for loading. The ship now used for shipping the merchandise is a small steamer, chartered by the War Shipping Administration and operated by the Bull Insular Line Company. Schooners have been used in making shipments to the Virgin Islands.

Sometimes perishable merchandise such as frozen meats and butter is hauled by truck from San Juan to Fajardo, a small port on the east coast of Puerto Rico, where small refrigerated boats operated by the West India Company put into this port with fish being brought into Puerto Rico. This is necessary because no refrigerated boats operating between Puerto Rico and the Virgin Islands come to San Juan. Merchandise shipped on a Monday from San Juan is unloaded in St. Thomas on Wednesday and in St. Croix the next day.

The steamer comes right up to the pier at St. Thomas. The Food Distribution Administration contracts for the hauling of merchandise from the pier to the warehouses. There are two warehouses operated by the Food Distribution Administration in St. Thomas. Both are operated on a monthly rental basis.

At St. Croix the steamer has to anchor out in the harbor and lighterage is resorted to in order to bring the commodities to the pier. The Food Distribution Administration contracts for the hauling of the merchandise from the pier to the warehouses in Christiansted and Frederiksted, 15 miles away. The Food Distribution Administration operates two warehouses at Christiansted and seven warehouses at Frederiksted, all on a monthly rental basis.

The sales office at Charlotte Amalie is in the town warehouse. Here sales are made for merchants of St. Thomas, St. John, Tortola and Anguila. The sales office at Christiansted is in the Government building, and at Frederiksted at Merwins Warehouse.

All sales in the Virgin Islands are made direct to retailers as there are no wholesalers. Sales in St. Thomas are made four days each week. Sales in Christiansted are made two days per week and then the personnel moves over to Frederiksted and sales are made two days each week.

There are 117 purchasers in St. Thomas and 146 purchasers in St. Croix. The total population of the three U. S. Virgin Islands - St. Thomas, St. John and St. Croix - is 24,889.

Deposits in St. Thomas are made with E. C. Bailey, Assistant Disbursing Officer, St. Thomas. A total of $1,038,735.23 has been deposited with the Virgin Islands Disbursing Officer from November 1, 1942 to November 30, 1943. Records are kept in the same manner as those kept in the various sales offices in Puerto Rico and reports are submitted regularly to the San Juan office.

Requirements

It is the responsibility of the San Juan office of the FDA to keep those handling purchases and making shipments informed on requirements, inventories, and other factors for their guidance in fulfilling supply needs.

In October and November 1942, when there still existed uncertainty about supplies on the mainland and there were no definite assurances of the shipping space that would be made available, the Food Distribution Administration proceeded to prepare an all-inclusive foodstuffs list of requirements.

Requirements' lists were based on information obtained from several sources. These include a requirements' list submitted by the Chamber of Commerce for the months of December 1942 and January 1943; a list prepared by the Office of the Governor of Puerto Rico on restricted requirements for foodstuffs; normal importations for the fiscal years 1939-40 and 1940-41, in accordance with the annual bulletin issued by the Insular Department of Agriculture and Commerce; the report on importation of the Customs House in Puerto Rico for the fiscal years mentioned; and the recommendations of the trade, trade committees, and trade organizations.

Requirements' lists submitted to Washington must meet the approval of the United States Department of Interior and the FDA at Washington. The requirements are also adjusted after considering such factors as population figures of Puerto Rico and the Virgin Islands, usual consumption, changes in supply situation on the mainland, packaging restrictions, developments in local production, availability of items from nearby points, shipping restrictions and dietary needs.

Requirements submitted for the period up to June 1943 and the new list submitted through 1944 are constantly being revised in accordance with inventories, movement of commodities, transfer of commodities to the commercial list, and necessity for the importation of basic foodstuffs.

Requirements' lists on insecticides, fumigants, fungicides, animal vaccines, fertilizer and animal feeds are submitted on the recommendations of the USDA War Board for Puerto Rico on the basis of past importation and current needs.

Tonnage Shipped

A breakdown of the overall procurement, shipping and distributing operation (including purchases made for the account of the Puerto Rico General Supplies Administration up to October 31, 1942, and shipping space allocated for fertilizer) indicates how the islands were kept adequately supplied with the basic items. The following summary shows shipments by commodity groups for the period from June 1942 through December 31, 1943:

Commodity Group	Short Tons
Dairy and poultry products	23,987
Meat and meat products	23,129.5
Animal fats	24,238
Vegetable oils	4,905
Fruits and vegetables	48,002
Grain and grain products	297,135
Fish and fish products	18,758.7
Miscellaneous food items	698
Non-food items	15,726
Fertilizer	125,731
Insecticides, spray materials, etc.	206.6
Seeds	1,778
Grand total tonnage	584,294.8

During the first two months of the operation of the FDA program, the critical period of November and December 1942 there were shipped to Puerto Rico 53,196 short tons of foods, animal feeds, agricultural production supplies, and other necessities. During the 14 months of operation from November 1, 1942 through December 31, 1943, the Food Distribution Administration received and handled in Puerto Rico 446,290 net short tons of foods, animal feeds, agricultural production requirements, and related items. Of these, 8,523.35 short tons were shipped to the Virgin Islands.

A further comparison of clearances of some of the more essential commodities with the tonnage requirements for each of these commodities as recommended by the Governor's Tonnage Requirements Committee, indicates some of the results obtained during the calendar year 1943:

Commodity	FDA Importations (Short Tons)	Emergency Requirements
Rice	131,377	120,000
Codfish, other fish	16,645.7	9,540
Lard	18,812	14,040
Pork fatbacks	4,714	7,020
Evaporated milk	16,958	9,240
Wheat flour	65,623	48,000
Dried beans	15,445	18,000
Peas and chickpeas	5,844	2,520
Canned fruits & Vegetables	1,408	6,780
Onions	2,224	4,200
Garlic	1,620	720
Cheese	1,777	1,500
Laundry soap	13,055	12,000

In some of the above items the minimum estimate for emergency requirements is the same or above normal consumption. Such is the case with rice, evaporated milk, wheat flour, laundry soap, and others.

Procurement of Supplies

The domestic purchases for the Caribbean Area are a responsibility of the commodity branches of the Food Distribution Administration and the Caribbean Emergency Program Division. These units consult and plan in advance what will be needed and purchase enough in advance to try to meet all shipping possibilities. The Caribbean Emergency Program Division and the commodity branches of the FDA collaborate closely in the procurement operation and make adjustments in commodity requirements as experience dictates.

The purchase of commodities produced in the Caribbean area is the responsibility of the Commodity Credit Corporation. An arrangement has been worked out whereby CCC may utilize the services and facilities of local FDA representatives in the procurement operations in the Caribbean area. The Caribbean Emergency Program Division maintains at all times close working relationships with CCC directly or through the Department Committee on Foreign Purchase and Importation. Under a Memorandum of Understanding entered into between the Governments of the United States and the Dominican Republic, dated May 20, 1943, the CCC is to purchase the entire exportable surplus of Dominican rice, corn, and peanut meal through July 1, 1945. Much of these purchases are sold to the Food Distribution Administration for use in Puerto Rico.

Assurance of adequate supplies can be given by the FDA because of the inclusion of Puerto Rican and the Virgin Islands needs in the estimate for requirements and allocation control for the overall Government program. For instance, full requirements for the islands have been included in the allocation of rice for the calendar year 1944. We know that in meeting requirements for all other purposes, such as U. S. civilian consumption, U. S. Military and war services, Lend-Lease, etc. an adequate supply has been reserved for our Caribbean possessions.

It will be well to summarize here some of the salient aspects of the procurement operation.

Rice

In November 1942, Caribbean Area Director Edward J. Bash reported from San Juan: "Rice continues to be the number one problem here in Puerto Rico.

Day-time thinking, night-time dreaming, newspapers, radio, conversation, everybody seems to revolve around that one item. Until the rice supply here is adequate it will probably be well to remember that Puerto Rico translated into English is RICE."

The frame of mind of the people may be accurately gauged from a story that appeared in the Puerto Rico World Journal on November 13, 1942, when word had gone around that a shipment of rice had arrived in the town of Ponce. The story ran: "At Ponce early yesterday morning long files of people lined up at the entrances of the stores facing the public square to buy one pound of rice each, and they did not disperse until it was proved to them that the rice had not yet been distributed. There was considerable fighting, and shoving, and police intervention was necessary."

Against a monthly requirement of 10,000 tons, there had actually arrived in the island approximately 1,250 tons in October and nearly 5,000 tons in the first twelve days of November 1942. From June through December 1942 importation totalled 27,295 short tons. Naturally, with less than one-third of the needed supply on hand the distribution of this commodity presented a serious problem. Even when heavier shipments arrived in January and February 1943, there was need for a rationing system under the Office of Price Administration. From January through April 1943 the FDA had placed in San Juan 61,011 short tons of rice, principally from continental sources, some from Santo Domingo. There was no further need for rationing. Importations from January through December 1943 were 131,377 short tons, an average of over 10,948 short tons monthly, adequate to meet normal needs. Besides, a normal supply of 10,000 tons monthly had been assured for the island for 1944.

In spite of the increasing demands of rice for domestic consumption, the Armed Forces, Lend-Lease operations and all of the territories, Puerto Rico and the Virgin Islands received their full share of this basic staple. Whenever possible, the varieties that the people prefer were shipped. In view of dietary deficiencies in Puerto Rico large quantities of undermilled rice were supplied. This type of rice has more thiamin than polished or ordinary milled white rice. According to experiments made by Dr. M. C. Nik, Assistant Professor of Agricultural Chemistry, College of Agriculture, University of Arkansas, undermilled rice yields .5 milligrams of thiamin per pound, whereas one pound of polished rice yields only .1 milligram. The undermilled rice therefore yields one-third of the daily minimum requirements of thiamin for one person, five times as much as the highly polished rice which Puerto Ricans used to consume before the war. Puerto Rican paddy rice yields 1.5 milligrams of thiamin per pound, but local production is very low and expensive which makes the island totally dependent on the United States for its supply.

Lard

Lard is number one cooking ingredient in Puerto Rico. It is indispensable in the preparation of boiled rice and numerous other dishes. Restricted monthly requirements of the population were estimated at 1,170 short tons. In July and October 1942 the AMA procured 3,472 short tons for the Puerto Rico General Supplies Administration. When the Food Distribution Administration took over on November 1 of that year, the lard supply situation was as tight as that

of rice. There was little hope that the needs of the islands could be fully met. Including clearances for October, it was estimated that 22,301,000 pounds of refined lard of different grades and specifications would be required through June 30, 1943. Actually, 18,850,000 pounds of refined and pork rendered lard, and 4,308,000 pounds of hydrogenated shortening were shipped in that period.

A carefully planned rationing system established by the OPA permitted the orderly distribution of the short lard supplies available during the first quarter of 1943. These supplies were obtained in the face of mounting difficulties. To begin with, six different packs were specified including prints, tins, wood wax-lined boxes, tubs and drums. The tin packs were not to be had, for tin is a strategic war material and national supplies were scant at that time. It was a question of availability of the tin and of getting the War Production Board to allocate the needed quantities to processors in time for them to make shipping schedules. Had we waited for the tin packs, Puerto Ricans and Virgin Islanders would have had to do without the one indispensable item they needed in order to be able to cook their few foods. Even by rushing lard in tierces and prints, it was impossible to meet at once the full immediate demands of the trade.

Codfish

In the summer of 1942, it was clear that it would be hard to obtain a number of essential foods for Puerto Rico. Codfish appeared to be the most difficult procurement problem. In August 1942 the Civilian Food Reserve, Department of the Interior, requisitioned 20,000,000 pounds of this commodity

for shipment to Puerto Rico in the ensuing twelve months. The CCC was asked to clear with the Board of Economic Warfare and purchase this quantity in Canada and in other countries outside of the United States. But the North Atlantic main supply points, such as Newfoundland, Canada and Nova Scotia, had heavy commitments to meet. Dry and semi-dry codfish, the types that Puerto Ricans prefer, was being purchased by Spain and Portugal. The supply in Nova Scotia was exclusively salt cured or soft cured fish for sale to the American trade, and not suitable for export to the Caribbean as it would spoil in warm weather.

The Combined Food Board had allocated 18,000,000.3 pounds of codfish to Puerto Rico and the Virgin Islands for the year 1943 against a normal requirement estimated at between 30,000,000 and 35,000,000 pounds. With a great deal of difficulty by the end of December 1942 the FDA had purchased 8,000,000 pounds. It was estimated that by obtaining all available supplies not under contract in the United States, Canada and Newfoundland, it would be possible to secure an additional 2,000,000 pounds. The cooperation of the State Department and the Board of Economic Warfare was asked in an effort to hold from export at least 10,000,000 pounds for the islands, as stocks in the United States were low. But only 1,167 short tons could be shipped down in October and November 1942 - none in December.

Total codfish shipped from November 1, 1942 through December 31, 1943 was 11,429.7 short tons. Prospects for the supply of codfish in 1944 are no more encouraging than they were last year. In order to have even this quantity shipped last year, it was necessary to obtain part of it from Spanish importers on a "loan basis" with the understanding that the codfish would be replaced by

an equal quantity of the same type at no additional cost to the Spaniards. Upon request for the replacement by the Commercial Union of America Corporation on behalf of the Spanish Government this lot has been included in the Puerto Rican quota of the Newfoundland supply of 1943 cure.

However, under War Production Board Order M-63 which restricts private importations of certain commodities, a prohibition has been issued on codfish and fish products. This will clear the way for the FDA to make proper arrangements for procurement without entering into the competitive bids that created so many difficulties last year.

Other Fish Products

This scarcity of codfish made it the more imperative to concentrate from the start on such substitutes as salmon and sardines. In November 1942 the Food Requirements Committee allocated to Puerto Rico 960,000 pounds of salmon out of the 1942 catch. The catch was smaller that year both in the Atlantic seaboard and in the West Coast, and it was necessary to stockpile as much as possible for the Armed Forces. Efforts were made to get anything procurable - mackerel, herring, pollock, hake, haddock, white fish fillets, blue runners, alewives. A fairly adequate quantity was finally obtained of pilchards, salmon and sardines. These three items accounted for over 26% of the 18,200.7 short tons of fish and fish products shipped from November 1, 1942 through December 31, 1943.

Pork and Meat Products

Under prevailing acute conditions it was considered that large quantities of pork and meat products ought to be procured. The lard shortage emphasized the

need for sending an abundance of pork fatbacks, extensively used for cooking purposes in the islands, and of a variety of salt pickled pork products such as spare ribs, snouts, tails, heads and barreled pork.

In July 1942 we had purchased 2,054 short tons of fatbacks for the Puerto Rico General Supplies Administration. Later in December when our program got underway 156 tons arrived in San Juan. That was about all of the fatback supply for the last six months of 1942. Five million pounds would be needed for the first six months of 1943, preferably in 200-pound barrels with 101/125 pieces each. We were facing here a container supply problem which made it difficult for processors to obtain the specified containters in time to make shipping schedules. On the other hand, it was claimed by some suppliers that price ceilings did not make it profitable for them to handle fatbacks in the containers to which the Puerto Rican trade was accustomed.

Container preferences were threfore difficult to satisfy in shipping this item, and it was realized that eventually the same problem would be faced in regard to many other pork and meat products. Our aim, however, was to give the ultimate consumer what he wanted, and it was decided to forward fatbacks and clearplates in desirable containers whenever possible, in the containers that were available in any case. During the calendar year 1943 total shipments of pork and meat products were as follows:

Commodity	Short Tons
Fatbacks, clearplates	4,714
Other pickled meats	5,106
Frozen meats	557
Smoked meats	1,476
Sausage	4,418
Pork Meats	1,034

Wheat Flour

Wheat flour is nearly as important as rice and evaporated milk in the Puerto Rican diet. Hundreds of thousands of natives could probably go through a food crisis with rice, coffee, bread. Actually, most of the rural population there goes through life with that, and codfish, beans, plantains, tanniers, sweet potatoes. Normal requirements of wheat flour are estimated at 8,000,000 pounds monthly. Hard wheat flour is by far the most important need of the baking industry. There is also need of cracker flour and soft wheat flour. When rice, corn meal or similar staples were scant in the latter part of 1942, wheat flour saved the day.

From July through October 1942 we had procured 19,045 short tons of this commodity for distribution by the Puerto Rico General Supplies Administration. In November and December 3,718 short tons additional were shipped. During the calendar year 1943 a total of 65,623 short tons of all types of flour were supplied, over 28% above the normal requirements.

As a result, the baking industry in Puerto Rico and the Virgin Islands has operated uninterruptedly throughout the emergency period. Enriched flour with a high protein content has been shipped permitting production of a high quality bread that retails for 10 cents a pound everywhere. Besides, the local manufacturers of soda crackers, macaroni, spaghetti and vermicelli were placed in a position to continue their normal operations. It is estimated that the baking industry alone, with approximately 300 plants and using a wide distribution system, provides means of livelihood to approximately 20,000 persons. A good number is employed by the other industries which depend on wheat flour.

By supplying such industries with this commodity much shipping space has been saved, and the container problem was surmounted at a time when tin had a life meaning in the war effort.

Evaporated Milk

Emergency requirements of evaporated milk in the islands for the year 1943 were estimated at 770 short tons monthly. But with purchases by the Armed Forces and an increased civilian demand for fresh milk, of which Puerto Rico produces about 95,000,000 quarts a year, there was expected a greater consumption of evaporated milk during the emergency. Accordingly, large quantities of this item were procured from the beginning, and also as a precautionary measure in the face of shortages of other staple commodities. In the calendar year 1943 a total of 16,958 short tons of evaporated milk were shipped, 83.5% above the set requirements.

Dried Beans, Corn Meal

The supply picture was not so good in regard to beans and corn meal. Rigid specifications were to be met before Puerto Ricans could be satisfied in this respect, for they are accustomed to hand-picked red kidney and choice recleaned California pink beans. California small white beans are acceptable. The problem was to get these varieties down to the Caribbean in December 1942 and in the first six months of 1943. The Armed Forces had first call on red kidney and California pinks. Ocean and overland transportation on the mainland were taxed to the utmost, and it was expensive to haul commodities over such long distances.

It was reasonable to try to meet the needs of the islands with supplies available near Atlantic seaboard and Gulf shipping points. For the time being it was a question of no beans or just other varieties such as Michigan white and pinto beans from New Mexico. True, these beans are harder, require overnight soaking and boiling for a longer period of time, and that was a problem for the Puerto Rican peasant who lacks enough fuel for his cooking. A total of 15,445 short tons of beans, including 14,450 short tons of red kidney, California pink and small white beans, were shipped in 1943 to meet the set requirements of 18,000 short tons for the year. In addition, there were shipped 5,844 short tons of chick peas and dried peas against a requirement of 2,520 tons.

Corn meal remains an unsolved problem in the program as long as we have a shortage of corn in the States. An attempt has been made to ship supplementary supplies from Santo Domingo, but there is not nearly enough to meet the estimated emergency monthly requirements of 6,000 short tons a year. In 1943 there were shipped 3,174 short tons. Although local production of corn has increased considerably, it is not sufficient. As a matter of fact, proportionate amounts of the importations of corn by the FDA are distributed to the 47 local corn mills in order to keep them operating near capacity output, estimated at 54,000 bags per month.

The Supply Picture in 1944

In addition to basic commodities, there were a number of special items and household necessities which had to be supplied, such as laundry soap, matches, tomato paste and sauce, canned vegetables, breakfast foods, baby foods, salad dressing, butter, cheese, table salt, vinegar, toilet soap, scouring powder, etc.

some of these were shipped in adequate quantities to meet normal demands; others in reasonable quantities.

The improvement in the situation is indicated by the fact that numerous of these and other secondary foodstuffs and special commodities have been returned to private importers during the last year, in accordance with recommendations made to the Department of the Interior by the Trade Advisory Committee, a body composed of representatives of continental suppliers, exporters, Puerto Rican importers, and delegates from the wholesale and retail trade organizations in the Island.

At the outset of 1944 the islands are not in the critical position in which they were a year ago in regard to their food supply. Instead, they are prepared with stocks of the basic foods in the hands of the wholesale and retail trade to last for approximately four to six weeks.

In addition, the FDA will have by the end of January a full two and a half to six months inventory of essential foods. Included in this category are rice, kidney, California and small white beans, evaporated milk, lard, pork fatbacks, wheat flour and canned fish. Emergency requirements as determined by the Governor's Committee for foods of which there is a restricted supply will be met in a satisfactory manner. For instance, emergency supplies of codfish, wisely distributed, will last for three to four months, as far ahead as we can see, in spite of the enormous difficulties in obtaining this item. There will be enough to meet emergency requirements of meat products for two and a half months, exclusive of lard and fatbacks of which there will be a normal supply. When negotiations now in progress with the Dominican Republic are completed, the FDA will import from this country adequate fresh beef supplies to satisfy

Puerto Rican needs at a low price.

Similarly, requirements of oleomargarine and vegetable shortening have been assured for two and a half months ahead, as well as a month's supply of butter and cheese. Conditions permitting, shipments of potatoes and onions will be continued in coming months, although future availability of onions is somewhat uncertain. The supply of pimientos on hand is adequate to meet needs for a long period of months. The garlic situation is tight, although there may be a change in April when the Mexican crop begins to come in.

Agricultural Production Supplies

In making use of shipping space and of available supplies on the mainland, one of the first considerations was to formulate a program for the preservation of agricultural production, especially food crops. It was necessary to implement the combined effort of all Government agencies toward greater local food production by supplying seeds, fertilizer, insecticides, fumigants, fungicides, animal vaccines and animal feeds.

Requirements are determined by the USDA War Board for Puerto Rico in consultation with the Insular Department of Agriculture and Commerce, the Insular Experiment Station and Extension Service. Recommendations of agricultural producers, trade groups, and industrialists are also considered in determining agricultural production requirements. Estimates are prepared after careful consideration of such factors as importations during normal prewar years, farmers' preferences, requirements of the War Emergency Planting Program of the Insular Government, requirements of vegetable marketing cooperatives, seasonal exigencies, and the immediate need for increased production of vegetables and

grains to insure an adequate supply of these important food items to supplement the restricted importations of foodstuffs from the continent.

Of the agricultural production requirements, fertilizers and animal vaccines have been procured commercially after submitting requirements to Washington. The other production supplies have been procured and imported by the FDA. In special instances, on the recommendation of the War Board, and after all other efforts failed, the FDA procured and imported still other items necessary in agricultural production such as hoes for the pineapple growers and twine for the tobacco growers.

The War Board is charged with the responsibility of establishing procedures for the allocation of all fertilizers in Puerto Rico to be used in fostering an increased production of food crops. The War Board also has arranged for the distribution of fertilizer for sugar cane and tobacco, provided the producers comply with the Farming Practices Determination for the production of food crops, in accordance with the Sugar Act of 1937, as amended.

Seeds for Food Crops

Under the AAA, benefit payments accruing to sugar cane growers are paid only to farmers dedicating certain percentage of their land to the planting of food crops. The War Emergency Planting Program of the Insular Government and the Farm Security Administration Program have substantially increased food production during the past year. In order to provide production supplies to all of these programs an island-wide distribution of seeds was arranged. The Food Distribution Administration sells the seeds required by the Insular Department

of Agriculture at half price, for resale or free distribution among farmers participating in the planting programs. The seed is also used by the Department to establish seed production centers.

From November 1942 through November 1943 the FDA sold to the Insular Department of Agriculture over 43% of the total seed imported into the Island. Included in the shipment of 1,566.5 short tons of seeds during the calendar year 1943 were 598 short tons of bean seed, mostly red kidney and California pink; 846 tons of potato seed; 15 tons of seed rice; 31 tons of pea seed; 76.5 tons of miscellaneous vegetable seeds such as tomato, cabbage, snap beans, lettuce, peppers, radish, carrots, onion, okra, eggplant, etc.

As a result, it is estimated that food acreage in Puerto Rico increased during 1942-43 by 30% over 1939-40. Total area planted in 1942-43 was 413,518 acres as compared to 318,090 acres in 1939-40. Whereas in 1940 the per capita acreage of food crops was .17 of an acre; in 1943 this ratio increased to .22 of an acre. The increase in food production was 23.4%, to 444 pounds per capita. Twelve food crops were raised in substantial quantities to supplement food importations; corn, rice, beans, sweet potatoes, bananas, plantains, pigeon peas, cowpeas, yams, dasheens, tanniers, cassava.

Of the estimated volume of 979,347,300 pounds of food produced for local consumption in 1942-43 the bulk was in starchy vegetables. Followed in importance legumes, corn and rice. There were produced 13,444,400 pounds of rice, an increase of 69.8% over 1940, and 49,319,800 pounds of corn, an increase of 34%. In order to protect and encourage production, farmers had to be supplied not only

with seeds but also with insecticides, fungicides, fumigants. A total of 206.6 short tons of these were shipped in 1943.

Fertilizer

Land in Puerto Rico is limited, must be intensively cultivated and prepared with suitable fertilizer. Fertilizer was urgently needed, not only for the continued production of food crops but also to maintain the production of commercial crops such as sugar cane and tobacco which provide most of the employment in the island. With food prices shooting upward and the increase in the cost of living it was natural to be concerned about the sources of work. There are an estimated 120,000 workers engaged in the cultivation of sugar cane. The tobacco industry includes 25,000 growers and sharecroppers, gives employment to another 18,000 laborers. These groups, all dependent on agricultural activities, constitute the vast majority of the gainfully employed in the low income group. By sheer volume in numbers they are the ones that make things go in Puerto Rico.

The situation looked gloomy for these great masses of workers when as a result of the scarcity of supplies in the States the Combined Food Board allocated less than half its monthly requirements of fertilizer to Puerto Rico, and restricted its use to food crops. Eventually, however, these terms were liberalized. The Governor's Requirements Committee had estimated that the minimum monthly requirements of fertilizer and fertilizer ingredients on an emergency basis would be 10,000 short tons. The estimate could have been raised because of the reduction by the War Production Board of the quota of ammonium sulphate

for the island. Ammonium sulphate is the principal fertilizer ingredient needed in Puerto Rico. Without it there could be no increased food production, and commercial agriculture would have had to be substantially curtailed.

Fertilizer ingredients are procured by local manufacturers and shipped within the space allocated to the FDA. The first cargo of ammonia sulphate cleared in March 1943. By the end of November 1943 the total shipped had increased to 61,548 short tons, approaching the set requirement. In addition, there were shipped 17,274tons of muriate of potash, 18,603 tons of superphosphate, 10,607 tons of rock phosphate, 2,830 tons of sulphate of potash, and 4,656 tons of ammonia nitrate. Thus, in nine months a total of 115,518 short tons of fertilizer had been forwarded, just less than 4% short of the estimated requirements.

These supplies were adequate to insure the success of the food production drive and the uninterrupted production of the vital commercial crops. A rationing system supervised by the USDA War Board guaranteed equitable distribution and assured every farmer of his proportionate share. Fertilizer requirements through the year ending June 30, 1944 were determined by the War Board, the Insular Department of Agriculture and Commerce, and the Governor's office. They call for 144,000 short tons to be delivered during the twelve-month period, to be allocated as follows: Sugar cane, 90,000; tobacco, 14,000; minor crops and others, 35,000; cotton, 3,000; pineapple, 2,000.

Animal Feeds

Dairy feed requirements for Puerto Rico were estimated at 2,500 short tons monthly upon the recommendations of the Dairymen's Branch of the Puerto

Rico Farmers Association and Government agricultural agencies. Late in 1942 the local dairy industry, one of the most important in the island's economic structure, was facing tremendous difficulties as a result of the acute shipping and supply situation. Puerto Rico produces little natural feeds and their protein content is very low. The dairy industry has developed to its modern proportions on imported concentrated feeds and ingredients. If feed is not available the industry is threatened with collapse. Such was the situation in November 1942. Moreover, importations of high-bred stock from the States, which are counted upon to maintain the volume of production in the leading dairies, had also come to a virtual stop due to the lack of shipping facilities. Yet milk is one of the mainstays of the Puerto Rican diet, probably second in importance only to rice.

In November and December 1942 there was not enough dairy feed to go around in the San Juan metropolitan shed. It was of the utmost urgency to import substantial quantities of dairy feed as fast as it could be obtained in the States, where incidentally there was a critical shortage of ingredients. The policy adopted by the FDA was to import some of the obtainable ingredients for the local mixing of feeds, and to supplement this supply with imported mixed dairy feed. By allocating ingredients to the local industry it was possible to make use of some ingredients procurable both in Puerto Rico and Santo Domingo, thereby saving 50% in shipping space and lessening the drain on scarce supplies in the mainland.

Importations of mixed dairy feed by the FDA in the calendar year 1943 totalled 19,374 short tons, or an average of 1,614.5 short tons per month. Ingredients supplied to the local mixing industry enabled this industry to mix an average of approximately 900 tons monthly, which together with FDA importations of the mixed formula were adequate to meet normal local needs. Distribution was accomplished at first through regular importers of feeds, later expanded to include all wholesalers. The USDA War Board instituted a rationing system which was very useful during the period of acute scarcity. Beginning in March 1944 dairy feed will be imported by the private trade which will be allocated shipping space by the Department of the Interior through the Puerto Rico General Supplies Administration. The FDA will continue to supply ingredients to the local mixing industry.

In 1943 there were shipped also 13,740 short tons of feed ingredients, poultry and hog feed, etc. This brings the total shipment of all animal feeds to 33,114 short tons for the year.

Price Support Program

In accordance with the Memorandum of Understanding entered into between the Secretaries of Interior and Agriculture and the Governor of Puerto, dated January 19, 1943, the Food Distribution Administration established a Price Support Program which guarantees minimum prices for surpluses of locally produced agricultural commodities. A market news service is jointly operated with the program. Funds for the operation are provided by the Department of the Interior from its territorial emergency appropriation. Interior allocated $475,000.00 for operations from the start of the program on April 19, 1943

through December 31, 1943. Originally conceived for Puerto Rico, the program was extended to the Virgin Islands on October 11, 1943.

Up to November 30, 1943 the surplus production of 2,083 Puerto Rican farmers throughout the minor crop and vegetable belt has been handled. Floor prices are scheduled for ten commodities - plantains, bananas, tannders, yams, sweet potatoes, cabbage, cowpeas, rice, corn and beans. During the period from April 19, 1943 through November 30, 1943 a total of 11,664,748 pounds of surpluses with a value of $251,496.43 were removed from the farms for redistribution. Over 74% of the distribution was effected by direct sales to regular trade channels; 21.04% was transferred to Civilian Programs for free distribution to school lunch rooms and other feeding programs. Of the total stock handled 3.14% was lost by spoilage, 1.49% by shrinkage.

This program has been of tremendous value to small food growers and farmers generally. It has rounded the campaign for more production of foods in the islands. Among its good effects may be listed the stabilization of farm prices through removal of market uncertainties, the elimination of spoculation and black market practices, the steady improvement of farming methods, assurance to consumers of a bigger and better supply of native foods.

There are sixteen collection and purchasing centers strategically located in the producing areas, within easy access to the farmers. Five vegetable cooperatives functioning under the sponsorships of the Puerto Rico Reconstruction Administration act as FDA agents in five of the collection centers. To these premises the farmers and share croppers being their produce already classified for weighing and inspection according to specifications requirements. The sellers

get their checks within two days after the transaction is made. The merchandise is shipped immediately to the nearest of 8 distribution centers for resale to commercial dealers and for distribution in places where there is a demand for them.

The Price Support Program is meant, of course, as a supplementary outlet, and farmers are constantly encouraged to dispose of their production in the open market if they can obtain better than the floor prices. In achieving a balanced distribution it has been possible to regulate the volume of surpluses which formerly congested the principal markets of Rio Piedras and Ponce, so that supply and demand are also more in balance throughout the island and the farmers can get better prices. On the other hand, the consumer is protected from higher prices through the elimination of the speculator-middleman who formerly plagued the farmers of Puerto Rico.

Civilian Programs

Although the Caribbean Area office of the Agricultural Marketing Administration, later the Food Distribution Administration, was established in October 1942, the Civilian Programs Section was not set up until January 1943. Its duties have included the administration and supervision of free distribution of foods to family groups and children's programs as well as the direction of Food Distribution Administration dietary and nutrition work in Puerto Rico and the Virgin Islands.

The Civilian Programs Section has undertaken to expand, and improve the long range, free-feeding programs that were already in existence. Free distribution of food by the Department of Agriculture in the Caribbean Area started back in August 1938.

Since then commodities have been distributed as follows:

Fiscal Year	Estimated Retail Value of Commodities Distributed
1938-39	$1,075,000
1939-40	1,685,000
1940-41	5,220,000
1941-42	4,740,000
1942-43	4,368,000
7-12-43	2,025,014

Under the FDA organization the original free feeding programs have become a tremendous undertaking in community welfare. The FDA has attempted to supply an increased amount of free food to children and needy families when it was most needed. In times of seige it is the children who suffer most, but under the FDA emergency management more children are eating more food than in any previous period. The FDA also aids the farmer by utilizing the family and children's programs as a market outlet for seasonal surplus foods.

Except for the donation of these surplus foodstuffs, the project of donating free foods to families ended on November 30. This program closed for two reasons: one, Congress in October 1943 failed to include funds for the purchase of free foods for families in the U. S. Department of Agriculture appropriation; two, the Budget Bureau prohibited the Department of Interior from using any portion of the $15,000,000 Territorial Fund for this project. However, the emergency distribution of Price Support Program surpluses will continue to be given to families, as well as to the children's programs, but these amounts will be negligible as compared with the previous amounts received.

Of the $50,000,000 appropriated by Congress for use in supplying foods to children's programs, Puerto Rico and the Virgin Islands were allocated $2,000,000 beginning October 1, 1943. This fund is used to purchase foods for children's programs from the Caribbean Stockpile Program, and is to cover the period extending through June 30, 1944.

The largest feeding organization in the Civilian Programs Section is the Community School Lunch Room Program sponsored by the Insular Department of Education. The lunch program served 10,600,767 pounds of foods given by the Food Distribution Administration to 184,090 children of 8 to 15 years during the year 1943 in 1627 dining rooms and cold lunch units. The FDA contributed an estimated 60% of all foods used in the lunch rooms. This amounts to a maximum distribution of 2 pounds of food per child each week at a retail value of 31 cents. This program has been supported through the help of Work Projects Administration labor and operating funds, with contributions from the insular and municipal governments as well as local sponsors. However, with the termination of the WPA in Puerto Rico, and the Federal Works Agency (which absorbed the activities of the WPA) in November, the Insular War Emergency Program has in turn taken over the functioning of the children's programs.

The second largest project includes the 373 Civilian Defense Milk Stations which have served during 1943 a maximum number of 55,419 children from the ages of 2 to 7.

The milk stations of the Health Department of Puerto Rico follow third with a maximum registration of 4,721 children up to 2 years of age in 141 milk stations. Twenty-six nursery schools with a maximum enrollment of 1,190

youngsters receive the same commodities as the school lunch rooms. There were 15,035,650 pounds of foods, at an estimated retail value of $2,163,107.00 donated to all children's programs in Puerto Rico and the Virgin Islands during 1943. During the same year 5,187 people in 52 institutions were also served FDA free foods. The commodities given include canned evaporated milk, wheat fleur, corn meal, rolled oats, Vienna sausage, chick peas, dried whole eggs, canned tomatoes, vegetable shortening, margarine, cheese, pork and soya links, prunes and dry skim milk.

The attendance at the lunch tables where this food is served accounts for more than 225,000 children out of 766,258 children in Puerto Rico between the ages of 2 and 15--which means for 40 percent of the island's inhabitants. More than 11 percent of the population of Puerto Rico then are profiting from foods donated by the Food Distribution Administration to the children's programs.

Distribution of these foodstuffs is carried out by the Puerto Rico Commodities Distribution Agency, a branch of the Insular Department of Interior. This agency conducts an Island-wide distribution system from various warehouses and distribution centers in the 77 municipalities in Puerto Rico.

Working hand-in-hand with these programs is the Dietary Programs Unit. This unit started operation on July 16 with the appointment of a nutritionist. The FDA nutritionist furnishes much valuable information regarding nutrition benefits involved in the distribution of certain foods, so that FDA money under Section 32 may be spent in a way that will produce the greatest nutritive benefits.

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